

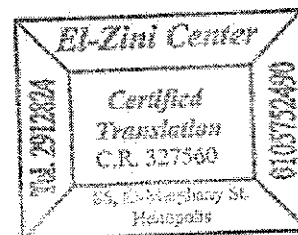
17. Minority rights

Balance of minority rights reached (19.651.818 Egyptian pound) in Dec 31, 2000 as follow :

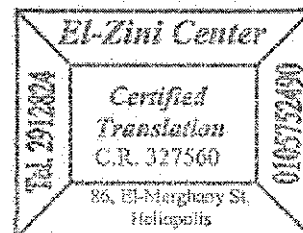
	Minority rights %	31/12/1999 Egyptian pound
Affiliates Names :		
Medikeep for Trading and Contracting Co.	2.20	2.666.594
Trading Medical System Egypt Co.	2.40	1.003.633
Amitrade for Trading and Contracting Co.	2.98	1.520.835
Consuming Industries Co.	2.05	791.819
Industrial Investments company	2.02	4.990.505
Company of the Arab factory for iron	2.08	4.997.076
QUIST consult commercial company	2.54	1.446.266
Medical centers' management Co.	2.02	2.235.090
		19.651.818

18. Long -term Loans Long - term Loans reached (595.161.564 Egyptian pound) in Dec 31, 2000 as follows :

Company	Lender	Currency	The profit rate	Balance of long term loan	Remarks
Medikib for Trading and Contracting Co.	Cairo Bank	US\$	1% more than the labour rate 0.75% commission accounted monthly on the highest debit balance	22.104.568	- A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months).
	Cairo Bank	L.E	13.5% and 0.75% commission accounted monthly on the highest debit balance	40.929.277	- A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months).
	National Bank of Egypt	L.E	12.5% and 0.1% commission accounted monthly on the highest debit balance	127.878.764	- Waiving of the contracts proceeds whose period is more than one year.
	National Bank	US\$	0.75% more than the	25.691.867	- A mortgage of medical



	of Egypt		labour rate, 0.1% commission accounted monthly on the highest debit balance		equipments that cover 120%. - With a guarantee of permission bonds (with a term of 6 months).
	Egyptian Saudi financial Bank	L.E		32.163.659	
	International Arab African bank	US\$ Or L.E	Egyptian pound 11%, US \$ 1% more than the labour rate, 0.6% commission accounted monthly on the highest debit balance	27.001.389	- A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months).
	Bank of International Arab Banking Company	L.E		17.554.625	
Trading Medical System Egypt Co.	Cairo Bank	L.E	12.25%, 0.75% commission accounted monthly on the highest debit balance	90.863.935	- A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months).
	Egyptian Bank for developing exports	US \$ Or L.E	Egyptian pound 12%, US \$ 1.5% more than the labour rate, 1.35% commission accounted monthly on the highest debit balance	20.069.685	- Long term loan for funding the customers • With a term • Till one year • Till two years • Till three years
	International Arab African bank	US \$ Or L.E	Egyptian pound 11%, US \$ 1% more than the labour rate, 0.6% commission accounted monthly on the highest debit balance	16.067.052	- A mortgage of medical equipments that cover 120%. - With a guarantee of permission bonds (with a term of 60 months).
				420.324.821	



Ami-trade for Trading and Contracting Co.	Cairo Barclays Bank	L.E		20.006.760	
Ami-trade for Trading and Contracting Co.	Egyptian Saudi financial Bank	L.E		35.110.593	
Ami-trade for Trading and Contracting Co.	International Islamic bank			26.069.425	
Medical centers' management Co.	International Islamic bank	L.E		17.581.222	
Holding company of Financial Investments (L.K.H. Group)	Cairo Bank	L.E		76.068.743	
				595.161.564	

It was reclassified the debits balance of discredits banks due on companies that excess over is millions pounds inside long term loans item with long term commitments according to the principals agreement around the in debit structure way to the holding company for financial investments (L.K.H. Group) with credits banks dated on 8 October 2000 (illustration No. 27).

19. Bonds

- The bonds balance reach in 31 December 2000 the sum of 650.000.000 Egyptian pounds and represents in the following: Egyptian 250.000.000 pounds the value of the bonds which the Arabic factory for iron was issued and it is unable to transfer to ordinary stocks with an annual interest of about 11.5% and the under writing was done in July 1998, and the period of these bonds are seven years and there bonds and coupons are payments ensured from Cairo bank and it will be paid at the end of the period with the guarantee of the blocked and tied up deposits in Cairo Bank Tharwat Branch 10 meet these bonds in (illustration No. 3), and the interest value of the due bonds for bonds holders had reached in 31 December 2000 the amount of 14.37.000 Egyptian pound for the period



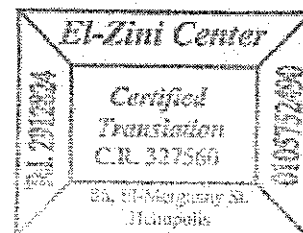
from 1 July 2000 to December 2000 and it was inserted in other credit balance item in the commitments circulating in the budget (illustration No. 141) and the total value of the bonds interest for the year 2000 had reached the amount of 28.750.000 Egyptian pound inserted to the item of bonds interest with income list.

- 400.000.000 Egyptian pound are the bonds value that the holding company for financial investments (L.K.H. Group) was issued and it is able to transfer to ordinary stocks with an annual interest 11.5% and the under writing was done in March 1999 and the period of these bonds are seven years, paid it the and of the period and these bonds and coupons are payment insured from Cairo bank in addition to the holding company for financial investment (L.K.H. Group) was added another guarantee for these bonds represented in deposited promissory bonds from Cairo bank its value will reach about 221 million Egyptian pound in the due date of these bonds the due bonds interest for bonds holders reached in 31 December 2000, the amount 23.000.000 Egyptian pound for the period from 1 July 2000 to 31 December 2000 and it was inserted in other credit balance item in the commitments circulating in the budget (illustration No. 14) and the total value of the bonds interest for the year reach as 46.000.000 Egyptian pounds inserted in the item of bonds interest with income list.

20. Creditors – long term balance

The creditors balance reached – long term balance in 31 December 2000 the amount of 347.906.839 Egyptian pound represented in the following :

	31/12/2001 Egyptian pound	31/12/1999 Egyptian pound
Lakah limited company for financing	340.000.000	207.009.000
Long term cash papers	7.906.839	4.980.283
Other credit balance	-	66.017.500
	347.906.839	278.006.783



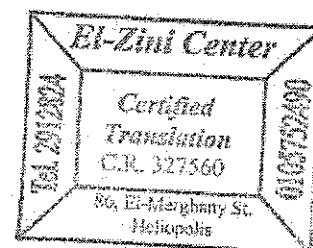
- This sum represents in dollars bonds value exported by Lakah limited company for financing and its legal residence is the united king don as it was issued with the value of 100.000.000 American dollar in 1999 deducted from it the amount of 207.009.000 Egyptian pound in 31 December 1999 and the rest which is 132.991.000 Egyptian pound was deducted in 31 December 2000 and it was inserted in this item as this credit represents commitment on the holding company for financial investments (L.K.H. Group) toward Lakah limited company for financing in return for the amount transfer from it, and the financial burdens resulted from this commitment was inserted in the item of financial costs with in come list and also the unpaid sums from these financial burden was inserted in the other credit balance item.

21. The ruining and consumption

The ruining and consumption during the period from 1 January 2000 to 31 December 2000 reached the amount of 49.371.440 Egyptian pound and represents as follows :

	Egyptian pound
Ruining fixed assets (beside the ruining assets inserted in the sales and whose its value is 12,979,567 Egyptian pound)	14.817.573
Consumption to there assets (beside the consumption of the another assets which inserted in the sales costs and whose its value is 161,831 Egyptian pound	28.264.620
The fame consumption	61.289.247
	49.371.440

The increase in the amount of the consumption of other assets relates to (foundation expenses, precedent expenses on the starting of activity, the expenses of precedent experiments on the starting of activity to apply the international accounting standard No. 29, paragraph 6, clarification no (7/2) and it contain the amount of



consumption of other assets whose value is 28.264.620 Egyptian pound for the financial year ended in 31 December 2000 the consumption of the expenses credit precedent to the starting of activity and the credit of experiments expenses precedent to the starting of activity for the Arabic factory company for iron with sum of 19.432.570 Egyptian pound and also the credited foundation on expenses and the expense credit precedent to the beginning of the activity related to the international company for heavy transportation with amount of 5.760.131 Egyptian pound.

22. Taxes settlements

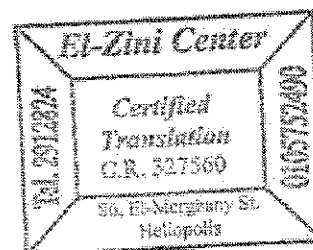
Taxes settlements item represent in the value of differences for examining the sales taxes for the Arab factory for iron (one of the related companies) from the taxes association on sales from the period from 1998 to the date of sale and its value 4.808.731 Egyptian pound, pay from it in the year 2000 an amount of 2.973.731 Egyptian pound and the remaining amount had been classified who have to pay in a year and its amount is 5000.000 Egyptian pound as a cash payment in the creditors – short term balance (clarification no. 13) and the remaining amount whose have to be pay after more than one year and its value is 1.335.000 Egyptian pound, had been classified as a long term cash in the creditors – long term balance (clarification No. 20).

23. Credit interest

The credit interest during the period from 1 January 2000 to 31 December 2000 was reached an amount of 18.326.4156 Egyptian pound includes the amount 15.781.365 Egyptian pound the value of the deposits interest both the blocked and the tied up for the Arab factory company for iron in Cairo Bank Tharwat Branch in return of a guarantee for the payments of the exported bonds with an amount 250.000.000 Egyptian pound who has to be paid in 29/9/2005 (clarification no. 3).

24. Bearable commitments

The bearable commitments represents in the value of the guarantee letters that the banks issued it to the interest of others and it reached in 31 December 2000 the value of the coverings of guarantee letters



with amount 28.682.839 Egyptian pound and appear in the debits item – short term balance (clarification no. 10).

25. The financial tools and manage the risks related to it

The financial tools for the company represents in the financial assets (cash and a like, some debits accounts) and also the financial commitment (the credit banks, some credit account, bonds, cong term loans).

The risks of interest rate :

The company in financing part of the working capital and some long term assets ponds on the long term bonds and facilities and banks bans and it obtains these loans and banks facilities according to the prevailing prices for the granted banks in general.

Credit risks :

The credit risks represents in the ability of the company in paying due debits on customers and thus a study is made for the customer situations through forming the needed allowances to encounter the debits suspicious in its payment (clarification No. 10).

Risks change the prices of foreign currencies :

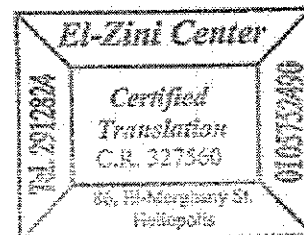
Some of the company dealings is carrying out by various foreign currencies and the company may faces a risk in the changes in the prices of foreign currencies exchange and this risk is faced through making balance between its commitment with foreign currencies and its financial sources with financial currencies.

The fair value :

According to evaluation bases used in evaluating the company assets and commitments so the fair value for financial tools is not essentially different from the written value in the budget date.

26. The share portion from loss

The net share portion from loss was accounted as follows :



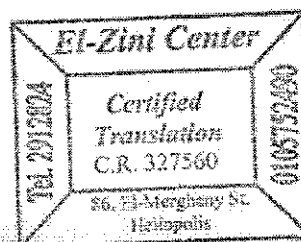
	31/12/2000 Egyptian pound	31/12/199 Egyptian pound
Net year loss divided on	(299.149.564)	1.72.125.847
The average of shares numbers	149.988.000	132.488.000
Net portion share from loss	(1.99)	1.30

27. The most important incidents in the subsequent companies during the year 2000

Throughout the year 2000 sale and purchase contract was done for a part of the assets owned by the Arabic Factory Company for iron (seller) to the company of Egypt group for steel (purchaser) and the seller assets represents as follows :

- All the landed assets including all lands buildings, installations and the preparation existing or relating to it.
- All production lines and machines, equipments, cranes instruments, generators, financing and machines of forming metals, equipments of fixing machines and formats parts (including spare parts and service).
- All preparation furniture's and the office equipments existing inside the factory.

Total value of the sold assets reach the amount of 331.280.000 Egyptian pound (three hundred and thirty one million and two hundred and eighty thousands Egyptian pounds) an amount of 100 million Egyptian pound was collected them cash and or amount of 11.280.000 Egyptian pound from in voices issued by these amount and the remaining and the due receiving papers was classified on Egypt group company for steel in the items of long term receiving papers with an amount of 191.720.000 Egyptian pound (clarification No. 5) and the due receiving papers throughout the year in the receiving papers debits item – short term balance with an amount of 28.280.000 Egyptian pound (clarification No. 10) and it was resulted from the seller operation that was previously mentioned with an

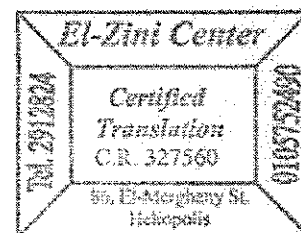


amount 63.500.835 Egyptian pound represents capital profits was put on the income list.

On date 8 October 2000, a principal agreement was made around the debits structure way of the holding company for financial investments (L.K.H Group) for credit banks which represented in each of Cairo Bank-Egyptian national bank- the Islamic international Bank for investment and development – The Saudi Egyptian financing bank-the Egyptian Banks to develop exports – the international African Arabic Bank- Cairo Barclays Bank – The international Arabic banking company – Suez Canal Bank and the mentioned principal agreement contained :

- A. The payment of the debits credit banks to the holding company for financial investments (L.K.H Group) or the company subsidiary to it and whose its value is less than 15 million Egyptian pound through years.
- B. Banks who has debits more than 15 million Egyptian pound, the holding company for financial investment (L.K.H Group) for them on quarterly installments during seven years.
- C. The company is abidance with making a contract with a financial consultant responsible to supervise on the financial administration for the group.

The main share holders for the holding company for financial investment (L.K.H Group) and they are seniors/ Ramy and Micheal Lakah. Their desire to support its financial situation and support the right of the small share holders, as in the year 2000 the policy of fame consumption was charged by decreasing its consumption from 20 years to 10 years starting from 1 January 1999 and this charge makes an effect on the profit item for the year 1999 for all subsidiary companies and for this the holding company for financial investment (L.K.H Group) inserted assets owned to Mr./ Ramy & Micheal Remone Lakah personally at other companies outside the area of the holding company and the company subsidiary to it as an assets in the assets of the holding company for financial investment (L.K.H group) and the legal procedures are now taking according to the rules of the law 159 for the year 1981 and the law as for the year 1992 toward evaluate the sample.

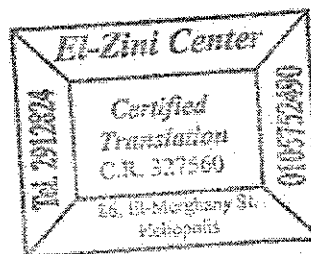


28. The taxes situation

- A. The financial companied tax was examined for Medikeep company for trade and contractors till the year 1997 and patterns 18, 19 was received and it is now circulating the appeal committee.
- B. Pattern 18 was received related to taxes on the capital profits results from paying the factory in the Arabic factory company for iron and the objection presented in the interior committee in the tenth of Ramadan.
- C. The taxes of financial companies wasn't examined since the beginning of the activity and till the cast confession for the following companies :
- Trading medical system Egypt company.
 - Amitrade for trading and contractions company.
 - Quest consult trading company.
 - Medical centers administration company.
- D. The sales tax was examined till the financial lists in 31 December 1999 for the following companies :
- Medikeep company for trading and contractors.
 - The Arabic factors company for iron (till the date of selling the factory).
 - Amitrade company for trading and contractors.
 - Trading medical system Egypt company.
 - Quest consult trading company.
 - The consumption industrial company (till the financial lists in 31 December 1998).
 - The international company for heavy transportation and all companies presents the taxes acknowledgement in the legal date and pay the due taxes on it from these acknowledgement.

29. The comparison numbers

The comparison numbers was modified to agree with the classification of the financial lists for the currently year.



30. The general institution for financial market

The notes of the general institution of financial market was arrive to as on the financial lists collected for the company for the financial year ended in 30 June 2000 and repressing in seven notes comes tours with the institution letter on date 22 February 2001 No. 39 which represent in seven notes and it was received completely according to the recommendation of the general institution for financial market and all note in its right position from the financial list and the clarifications completing it.

Auditor Report

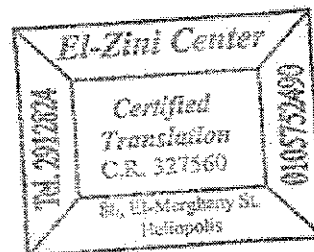
Mr./ The Shareholders of the Holding Company for Financial Investment (L. K. H. Group)

We have revised the financial lists in 31 December 2000 (L.K.H. Group) a share Holder Egyptian Company represented in the budget on 31 December 2000 the two income statements, and the combined cash flows for the period from 1 January 2000 to 31 December 2000. These financial lists is the responsibility of the company management and our responsibility according to that is to demonstrate our opinion according to these financial lists in the spotlight of our revision of it.

Revision has been done according to the Egyptian revision criterion and in the spotlight of the operational Egyptian laws.

Egyptian revision criterion planning and performing the revision to gain a suitable emphasize that the financial lists doesn't include a passive faults. Revision works includes performing an experimental audit for the documents, values supported evidences and the financial lists provided explanations in addition to that it includes revising, it includes policies evaluation to the applied accounting rules and to the necessary appreciates which prepared by the knowledge of the management and also the safe of the offer which was presented by the financial lists. We gained the statements and explanations we saw it is needed to the purpose of revising. We see that what we have done of the revision considered to be basically suitable to demonstrate our opinion upon the financial lists.

In our opinion the financial lists mentioned above is important with the clearly completing explanations with the necessary sides about



the financial position of the company in 31 December 2000 and about its combined activity and cash flows about the period from 1 January 2000 to 31 December 2000 year ending at that date and this is according to the Egyptian accounting criterions and in the spot light of the Egyptian laws and lists the are related to it.

This will not be considered as a reservation, and as it was mentioned in detail on the clarifications no. (2/3), (8) and (27), the company has changed the accounting policy concerning the fame treatment, and it applies the standard accounting treatment included in the Egyptian accounting criterion no. (5) concerning the treatment of the accounting policies change. This created a decrease in the fame consumption period from 20 years to 10 years, and this change was applied retroactively on Jan 1st, 1999. This change affected the first balance of the combined transferred profits with an amount of 13.261.534 Egyptian pounds, and it affected on the combined works results of the fiscal year ended on December 31st, 2000, concerning the year consumption.

Cairo on : March 22nd, 2000

Sherif Hamouda

R.S.M International

